

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 14-235—sHB 5254

Insurance and Real Estate Committee

AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL AND MINOR CHANGES TO THE INSURANCE STATUTES

SUMMARY: This act makes conforming changes to reflect provisions of PA 11-58 that extended the law governing Insurance Department market conduct examinations to third-party administrators (TPAs – organizations that process insurance claims).

By law, an entity that is the subject of a market conduct examination generally must pay its costs. This provision does not apply to Connecticut insurance companies, which are subject to the assessment that pays the department's expenses. The act (§ 65) similarly exempts Connecticut health care centers (HMOs), which are also subject to this assessment, from paying the costs for such an examination.

Lastly, the act makes numerous technical changes.
EFFECTIVE DATE: October 1, 2014

TPAs

By law, the insurance commissioner can examine the market conduct of TPAs as well as administrators. The act:

1. allows the commissioner, his actuary, or other authorized examiner to examine the TPA's officers, agents, and other relevant persons under oath;
2. requires the TPA to produce books and papers it possesses relating to its business;
3. requires the TPA to facilitate the examination and aid the examiners; and
4. requires the TPA to pay for the cost of the examination.

The act requires the examiner to issue a report based only on the TPA's books, papers, records, documents, and sworn testimony. It makes the report presumptive evidence in any action or proceeding by the state against the TPA. It requires the commissioner to grant the TPA a hearing before filing the report.

The act bars TPA officers or persons connected with or interested in them from serving as examiners.

All of these provisions already apply to insurers under existing law.

OLR Tracking: KM:DC:PF:am